

AMENDED IN SENATE APRIL 13, 2009

SENATE BILL

No. 295

Introduced by Senator Dutton

(Coauthors: Senators Cox and Runner)

*(Coauthors: Assembly Members Bill Berryhill, DeVore, Fuller, Hagman,
Jeffries, Niello, and Silva)*

February 25, 2009

An act to amend Section 38563 of, and to add Section 38561.5 to, the Health and Safety Code, relating to air pollution, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 295, as amended, Dutton. California Global Warming Solutions Act of 2006.

The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the reporting and verification of emissions of greenhouse gases and to monitor and enforce compliance with the reporting and verification program, and requires the state board to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions ~~levels~~ *level* in 1990 to be achieved by 2020. The act requires the state board to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions. The state board is required to evaluate the total potential costs and total potential economic and noneconomic benefits of the plan. The state board is required by January 1, 2011, to adopt greenhouse gas emissions limits and emission reduction measures by regulation to achieve the prescribed emission reductions.

This bill, notwithstanding this provision or any other provision of law, would prohibit the state board or its staff from beginning to develop these regulations until ~~June~~ July 1, 2009, and until the state board reevaluates the evaluation of costs discussed above. The bill would prohibit the state board from implementing those regulations until the unemployment rate in the state is below 5.8% for 3 consecutive months. The bill would also require the state board to evaluate, and make public, the costs of those regulations.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The State Air Resources Board is required by the California
4 Global Warming Solutions Act of 2006 to design emission
5 reduction measures to meet a statewide emissions limit for
6 greenhouse gases in a manner that minimizes costs and maximizes
7 benefits for California's economy.

8 (b) The State Air Resources Board is required to consider the
9 economic impacts of the measures identified in its scoping plan
10 through an economic analysis.

11 (c) The Legislative Analyst found that the economic analysis of
12 the scoping plan adopted on December 11, 2008, was inconsistent
13 and incomplete. Peer reviewers also criticized the economic
14 analysis.

15 (d) The State Air Resources Board has committed to perform a
16 new economic analysis by December 31, 2009.

17 (e) In February 2009, the California unemployment rate rose
18 to 10.5 percent. State budget revenues are declining and California,
19 as well as the nation, is in the midst of a significant recession.

20 (f) Given the severity of the current economic situation, and the
21 lack of reliable economic analysis of the impacts of the measures
22 in the scoping plan, the State Air Resources Board should perform
23 a useful and complete economic analysis of the scoping plan as
24 soon as possible to inform policymakers about the economic impact
25 of the plan.

1 (g) *The State Air Resources Board has the resources and*
2 *information needed to perform a valid economic analysis by July*
3 *1, 2009.*

4 ~~SECTION 1.~~

5 SEC. 2. Section 38561.5 is added to the Health and Safety
6 Code, to read:

7 38561.5. (a) Notwithstanding Section 38562 or any other
8 provision of law, the state board or its staff shall not begin to
9 develop the regulations described in Section 38562 until all of the
10 following occur:

11 (1) ~~June~~ July 1, 2009, at the earliest.

12 (2) The state board has completed an additional peer-reviewed
13 study to reevaluate the evaluations made pursuant to subdivision
14 (d) of Section 38561 that takes into consideration any
15 peer-reviewed comments on the original evaluations. This
16 additional study shall include all of the following:

17 (A) Estimates of the actual costs in every year, and for every
18 sector of the economy, of the recommendations identified in the
19 scoping plan adopted pursuant to Section 38561, and shall not
20 include only annual averaged costs.

21 (B) Estimates of overall costs and savings and the
22 cost-effectiveness of the reductions identified in the scoping plan
23 adopted pursuant to Section 38561, including appropriate inclusion
24 of reductions in copollutants.

25 (C) Estimates of the timing of capital investments, annual
26 expenditures to repay those investments, and the resulting cost
27 savings.

28 (D) Sensitivity of the results to changes in key inputs, including
29 energy price forecasts and estimates of measure costs and savings.

30 (E) Impacts on small businesses.

31 (3) The Legislative Analyst has certified that the study required
32 by paragraph (2) has been completed.

33 (b) Notwithstanding Section 38562 or any other provision of
34 law, the state board shall not implement the regulations described
35 in Section 38562 until the unemployment rate in the state is below
36 5.8 percent for three consecutive months. The state board shall not
37 be required to suspend regulations implemented after the
38 unemployment rate in the state is below 5.8 percent for three
39 consecutive months, if the unemployment rate again rises to 5.8
40 percent or greater.

1 (c) The state board shall evaluate, and make public, the costs
2 of each regulation adopted pursuant to Section 38562.

3 ~~SEC. 2.~~

4 *SEC. 3.* Section 38563 of the Health and Safety Code is
5 amended to read:

6 38563. Except as provided in Section 38561.5, nothing in this
7 division restricts the state board from adopting greenhouse gas
8 emission limits or emission reduction measures prior to January
9 1, 2011, imposing those limits or measures prior to January 1,
10 2012, or providing early reduction credit where appropriate.

11 ~~SEC. 3.~~

12 *SEC. 4.* This act is an urgency statute necessary for the
13 immediate preservation of the public peace, health, or safety within
14 the meaning of Article IV of the Constitution and shall go into
15 immediate effect. The facts constituting the necessity are:

16 In order to ensure that the adoption of greenhouse gas emission
17 reduction regulations does not negatively impact the state's
18 economy, it is necessary that this act take effect immediately.